

Guidelines for Disbursement of State Grant for Restoration of a Presidential Home

These guidelines are provided to implement the provisions of §10.1-2213.1 of the *Code of Virginia* relating to matching grants for contributions to the material restoration of a Presidential Home located in Orange County, Virginia, that is individually designated as a National Historic Landmark. The Montpelier mansion, located in Orange County, Virginia, is individually designated as a National Historic Landmark by the U. S. Secretary of the Interior in recognition of its significance as the lifelong home of President James Madison. A restoration is underway at Montpelier to return the house to its appearance during the period of Madison's residence there.

Section 10.1-2213.1 of the *Code of Virginia* directs that the Commonwealth, through the Department of Historic Resources (DHR), provide these matching grants to a "Foundation" that is exempt from federal taxation under §501(c) (3) of the Internal Revenue Code of 1986, that is primarily responsible for the material restoration of the historic presidential home. The restoration of the Montpelier mansion is being carried out by the Montpelier Foundation. The Montpelier Foundation is exempt from federal taxation under §501(c) (3) of the Internal Revenue Code.

The matching grants pursuant to §10.1-2213.1 of the *Code of Virginia* will be disbursed by the Commonwealth to the Montpelier Foundation for contributions to the material restoration of the Montpelier mansion.

Definitions:

Charitable Contributions: For purposes of this grant program, charitable contributions shall mean **cash contributions** from an individual, estate, corporation, partnership, trust, foundation, fund, association or any other entity or organization.

- Non-cash contributions are **not** acceptable.
- Only actual cash contributions are acceptable; pledged amounts are **not** acceptable.
- Federal grants are acceptable as contributions, including funds awarded to the project by Save America's Treasures.
- The state grant for operations to the Montpelier Foundation for fiscal year 2005-2006 (or in future years) made pursuant to Sections 10.1-2212 or 10.1-2213 of the *Code of Virginia* or the Appropriation Act are **not** acceptable.

Material restoration means restoration work that:

- Restores a historic presidential home to within the period of significance stated in the National Historic Landmark designation;
- Is consistent with "The Secretary of the Interior's Standards for Restoration;" and
- The cost of which amounts to at least 50 percent of the assessed value of such home for local real estate tax purposes in the year prior to the initial expenditure of any eligible restoration expenses.

Restoration Cost compared with Assessed Value: The material restoration cost must at least be equal to 50% of the Montpelier mansion's assessed value for local real estate purposes in the year prior to the initial expenditure of any eligible restoration expenses. The restoration of the Montpelier mansion was begun in 2003.

The Montpelier mansion was assigned an assessment value of \$3,904,200 in 1997 and \$4,909,400 in 2003. There was no change in assessment between 1997 and 2003. Since the restoration began in 2003, the assessed value of \$3,904,200 for 2002 will be used.

Restoration costs incurred since July 1, 2003 and projected restoration costs through December 31, 2007 at the Montpelier mansion are currently estimated to total \$22,968,134, well in excess of 50% of the mansion's 1997 assessed value.

Eligible restoration expenses means expenses incurred in the material restoration of a historic presidential home, including demolition necessary to accomplish the restoration plan.

Amount of Grant: The amount of the matching grant to be paid by the Commonwealth shall equal 20 cents for each one dollar of charitable contribution received on or after July 1, 2003 that is actually spent by the Foundation on the material restoration of Montpelier.

Limit on Grant Payment: In no case shall the total amount of grants paid under this section exceed 20 percent of the estimated eligible restoration expenses of the Montpelier mansion. Currently, the Montpelier Foundation estimates that total restoration expenses will equal \$22,968,134. **Therefore, using the current estimate, total grant payment should total no more than \$4,593,627.**

It shall be the responsibility of the Montpelier Foundation to make DHR aware of changes to the estimate for total restoration expenses, so that the limit on the total grant payment can be adjusted, if appropriate.

Conformance of restoration work with Secretary's Standards for Restoration:

Federal funding from a Save America's Treasures grant from the National Park Service is assisting the restoration of the Montpelier mansion. The awarding of this grant constitutes an undertaking for the purposes of Section 106 of the National Historic Preservation Act and the implementing regulations, 36 CFR Part 800. Section 106 requires that federal agencies take into account the effects of their undertakings on historic properties listed in or eligible for listing in the National Register of Historic Places. It has been determined that the restoration will have an effect on the Montpelier mansion under Section 106 and as a result of consultation to resolve the effect, a Memorandum of Agreement (MOA) has been executed in 2004 between the National

Park Service (NPS), the National Trust for Historic Preservation, the Montpelier Foundation, the Virginia Department of Historic Resources (DHR), and the Advisory Council for Historic Preservation. That MOA includes stipulations concerning the execution of the restoration work

The MOA requires that the Montpelier Foundation develop detailed construction documents for the restoration in accordance with the *Secretary of the Interior's Standards for Restoration*. The MOA further requires that the Foundation submit all such construction documents to DHR for its review and approval prior to implementing such construction documents in order to ensure that they are consistent with the *Secretary of the Interior's Standards for Restoration*. DHR is required to review the construction documents and provide a response to the Foundation within thirty days of receipt.

The Foundation is also required to submit all construction documents to NPS for approval as being in conformance with the *Secretary of the Interior's Standards for Restoration* and NPS is required to review the plans within thirty days.

DHR and NPS agree in the MOA that the overall approach to restoration outlined in the Foundation's feasibility study and the elements of that approach are consistent with the *Secretary of the Interior's Standards for Restoration*.

In accordance with the MOA, the DHR staff have reviewed detailed construction documents for the restoration of the Montpelier mansion to ensure that plans are consistent with the *Secretary of the Interior's Standards for Restoration*. DHR staff will continue to review plans and specifications for work at the Montpelier mansion to insure that the *Standards* will be met in all successive phases of work.

The MOA also continued the Restoration Advisory Committee for the term of the restoration of the Montpelier mansion. DHR participates in the peer review process as a member of the Restoration Advisory Committee. However, the review by the Restoration Advisory Committee does not substitute for the requirements of the MOA.

Because reimbursement cannot be made for work not previously approved by DHR pursuant to the MOA, it is the responsibility of the Montpelier Foundation to continue to submit to DHR construction documents, plans, drawings, specifications, etc., for successive phases of work prior to execution for review and approval, as required in the MOA.

Requirements for Documenting Charitable Contributions

The Montpelier Foundation shall be responsible for identifying all contributions received on or after July 1, 2003 and submitting documentation to support these contributions to DHR.

In January of each calendar year, beginning January 30, 2006, the Foundation shall submit to DHR documentation of the total amount of charitable contributions it received on or after July 1, 2003 that it has expended or intends to expend on the material restoration of Montpelier. **Only actual cash contributions can be counted. Pledged amounts are not acceptable.**

Acceptable documentation of charitable contributions shall consist of a detailed list of charitable contributions by date, source and amount and any other information normally recorded by the Foundation about a contribution, and other information requested by DHR that is reasonably necessary to verify such charitable contributions. Verifiable bank records and other additional documentation for these contributions shall be maintained by the Foundation for a period of three years and made available to DHR upon request.

The documentation of charitable contributions shall be provided annually to accompany documentation of restoration expenditures. Such documentation shall be accompanied by a signed certification from the Foundation's chief financial officer stating: "On behalf of the Montpelier Foundation, I hereby certify that all charitable contributions reported were received on or after July 1, 2003, were not from state grant funds received in this or prior fiscal years, and were used or will be used for restoration costs at the Montpelier mansion."

Requirements for Documenting Restoration Expenditures

The Montpelier Foundation shall submit an expenditure report to DHR annually by January 30 describing the eligible restoration expenditures made with charitable contributions received consistent with the other requirements of this document.

Such information shall include a detailed list of expenditures that identifies:

- the **purpose** of the expenditure and how it is associated with the restoration,
- the **date** payment was made,
- the **vendor** receiving payment, and
- the **amount** of the payment, and
- an assessment of the progress and status of the restoration project comparing actual revenues and expenditures with budgeted revenues and expenditures for the current year and year-to-date.

The expenditure report shall be accompanied by a statement signed by the Foundation's chief financial officer stating:

"On behalf of the Montpelier Foundation, I hereby certify that:

- expenditures submitted by the Foundation are for project work carried out and paid between (insert appropriate dates here, i.e. July 1, 2003 and December 2005 for the January 30, 2006 submission),
- the expenditures represent actual costs attributed to the material restoration of the Montpelier mansion;

- the expenditures were paid with Foundation contributions received on or after July 1, 2003; and
- invoices were properly reviewed and approved for payment and were executed under legal contracts, when that work was not performed by Foundation staff.”

DHR shall review the expenditure report for conformance with the guidance in the Code of Virginia and requirements of this document. Any other information that is reasonably necessary to verify project expenditures will be provided by the Foundation when requested by DHR.

Conformance of work with plans reviewed: Reimbursement cannot be made for work not reviewed and approved by DHR. The Montpelier Foundation shall insure that all work identified in the expenditure report is consistent with restoration plans, drawings, specifications, etc., reviewed and approved by DHR pursuant to the Memorandum of Agreement.

Photographic Documentation: The Montpelier Foundation shall submit photographs and/or digital images to DHR with the report of contributions and expenditures to document work accomplished.

Retention of financial documentation: The Montpelier Foundation shall retain intact verifiable bank records and all financial information, supporting documents, and records pertaining to this grant for a period of three years following the last grant payment and shall make them available to DHR upon request.

Process for Requesting Matching Grant Funds: By January 30, 2006, the Montpelier Foundation shall submit documentation of the total amount of charitable contributions it received on or after July 1, 2003 (documented and certified as outlined above) that were actually spent between July 1, 2003 and December 31, 2005 for restoration at the Montpelier mansion as defined in sections above.

By January 30 of each succeeding year, the Foundation shall submit documentation of the total amount of charitable contributions received on or after July 2003 (documented as outlined above) that were actually spent in the immediately preceding calendar year for restoration at the Montpelier mansion.

Process for Disbursing Grant Funds:

Section 10.1-2213.1 of the *Code of Virginia* requires that DHR disburse the grant to the Montpelier Foundation in March of each year. Given the administrative realities of the budget process, however, grant funds will not become available until July 1, the start of the state fiscal year. Therefore, disbursement of the grant must be tied to the appropriation in the Commonwealth’s budget, notwithstanding the language of Section 10.1-2213.1.

Following its receipt by January 30, DHR shall review the reports submitted by the Montpelier Foundation documenting charitable contributions and restoration expenditures in conformance with the requirements above. Upon completion by DHR of the review of the documentation and confirmation that the contributions and expenditures are qualified and appropriate, DHR shall make a written certification to the Comptroller of the amount of the grant to be paid to the Foundation after July 1.

Grant Amounts Paid: The amount of grant funds disbursed shall be as follows:

The amount of the matching grant to be paid by the Commonwealth shall equal 20 cents for each one dollar of charitable contribution received on or after July 1, 2003 that is actually spent by the Foundation on the material restoration of the Montpelier mansion.

The state grant will be disbursed in six equal annual installments beginning after July of 2006.

DHR is authorized to suspend processing: The Director is authorized to suspend the processing of charitable contribution submissions made by the Foundation if the Director reasonably believes that the maximum amount of grant payments may be exceeded or the material restoration will not be performed or such restoration work has been indefinitely suspended.

Electronic Data Interchange: The Montpelier Foundation will insure that all Electronic Data Interchange (EDI) information required by the Department of Accounts is current by January 15 of each year.